



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date: 10/18/2002

GAIN Report #PO2025

Portugal

Fishery Products

Annual

2002

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Report Highlights:

Total 2003 Portuguese fish landings are forecasted at 130,000 mt, restricted by Total Allowed Catch levels (TACs) set by the EU. Total 2003 seafood product imports are forecasted to remain at 424,600 mt, limited by decreasing seafood consumption.

Severely affected by the improved price-competitiveness of Russian cod and Spanish squid, U.S. total seafood sales are expected to suffer a sharp reduction in 2002, to about a four percent share of total imports (six percent in 2001). U.S. sales should rebound in the future given improved export prices. 1 USD = 1.01 Euros.

Includes PSD changes: Yes

Includes Trade Matrix: Yes

Unscheduled Report

Madrid [SP1], PO

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Executive Summary

Due to low fish stocks, total 2001 Portuguese fish landings suffered a 12 percent reduction from 2000 levels, down to 146,094 metric tons (mt). The national fish harvest continued to be dominated by sardines and Atlantic horse mackerel. According to the national statistics office (INE), the 2001 Portuguese sardine catch was 71,695 mt (66,144 mt in 2000), an increase attributed to the success of the local sardine catch program to rebuild fish stocks. However, the 2001 Atlantic horse mackerel catch decreased to 13,360 mt (14,349 mt in 2000).

Increasing fishing restrictions due to the EU-set Total Allowed Catch (TAC) levels are expected to lead to a further reduction in the total 2002 fish catch. For partial year 2002 (Jan-Apr), INE reported an eight percent decrease in total unloaded fish relative to the same period in 2001. Total 2003 Portuguese fish landings are forecasted by the AGOFFICE to remain at about 130,000 mt. The total national fish catch is expected to continue to follow a downward trend in the future due to restrictive EU catch policies and of the restructuring of the national fishing fleet.

Declining harvested fish levels were offset by a two percent increase in 2001 Portuguese fish and seafood imports to 450,636 mt. Most of the increase was due to frozen fish imports - whole and minced -, as well as imports of molluscs, shellfish and processed seafood products, driven by the expansion in restaurant and catering activities, as well as increasingly diversified consumption habits. However, in the first half of 2002, generally higher prices in most seafood products brought on a six pct reduction in total fishery product imports relative to the same period in 2001. Jan-Jun 2002 whole fresh fish and shellfish imports were down by three and twenty percent respectively relative to Jan-Jun 2001 and salted cod n.d. imports declined by twenty-one percent, replaced by larger salted dry cod trade. However, minced fish imports rose by fifty percent driven by changing consumer habits and by the expansion of the restaurant and catering businesses. Mollusc imports decreased by eight percent, depressed by the high prices for squid at the beginning of the year. In 2003, total edible fishery product imports are expected to remain at 424,600 mt, affected by a forecasted slowdown in domestic seafood consumption, due to forecasted increases in consumption of meat products.

Fish product imports from the United States increased by 16 percent in 2001, up to 23,285 mt, primarily due to expanded frozen cod sales, while imports of several other U.S. fish products; squid, salmon, and monkfish, benefitted from specific market trends. However, a reversal in this trend followed in 2002, with imports from the United States in the first half of 2002 down by 37 percent relative to the same period in 2001. U.S. cod exports to Portugal were largely displaced by Russian cod, which gained competitiveness due to the impact of the weakening of the U.S. Dollar against the Euro. Niche-market products in which the U.S. had gained a significant presence in past years also underwent a deterioration in sales due to the effects of increased competition from EU and other non-EU suppliers. U.S. squid has been largely displaced with squid caught by the Spanish fleet in the Falkland Islands, and U.S. salmon with frozen Chilean salmon. Increased U.S. market share will require improved price ratios with competing suppliers in key product areas, namely cod, squid, salmon and monkfish.

1 USD = 1.01 Euros

Commodity Name: Groundfish, Whole/Eviscerated

Production, Supply & Distribution Table

PSD Table						
Country	Portugal					
Commodity	Groundfish, Whole/Eviscerated				(MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Beginning Stocks	5000	5000	5000	5000	5000	5000
Total Production	3800	6498	3500	6400	0	6350
Intra-EC Imports	39000	29905	40000	34000	0	36000
Other Imports	50000	43058	52000	34500	0	32000
TOTAL Imports	89000	72963	92000	68500	0	68000
TOTAL SUPPLY	97800	84461	100500	79900	5000	79350
Intra-EC Exports	10000	6619	11000	5800	0	5700
Other Exports	630	125	750	600	0	650
TOTAL Exports	10630	6744	11750	6400	0	6350
Domestic Consumption	82170	72717	83750	68500	0	68000
Other Use/Loss	0	0	0	0	0	0
TOTAL Utilization	82170	72717	83750	68500	0	68000
Ending Stocks	5000	5000	5000	5000	0	5000
TOTAL DISTRIBUTION	97800	84461	100500	79900	0	79350

Production

General

The total 2001 Portuguese groundfish catch decreased slightly due to restrictive Total Allowed Catch (TAC) levels assigned to Portugal (see Policy), as well as to the re-structuring of the national high-seas fleet. However, the 2001 catch of cod and hake - the leading species - are reported by the national statistics office (INE) to have increased slightly from 2000 levels, reaching 4,259 metric tons (mt) and 3,325 mt respectively (3,779 mt and 3,000 mt in 2000). Note that the small increase in cod production is due to the fact that cod stocks in Atlantic regions where Portugal has fishing rights are not as affected by conservation problems as those of the Northern Atlantic countries. For reporting purposes, Groundfish is defined as fresh/frozen cod, hake, whiting, pollock, haddock and halibut.

Limited by production-constraining factors, the total 2002 Portuguese groundfish harvest is expected to remain stable to slightly decreasing from 2001. Lack of renewal of the EU-Morocco Fishing Agreement which expired in late 1999 has accelerated a reduction in the national high seas fleet (see Policy section in Total Edible Fishery Products), which in

turn has reduced the Portuguese groundfish catch capacity.

Quality

Quality of fresh groundfish is generally considered high, especially in the case of fresh hake for retail sale. In the case of frozen groundfish, quality is considered variable due primarily to different transportation and storage conditions aboard the vessels, but is generally improving due to investment in fleet renovation. In health and sanitary terms, Portuguese seafood is subject to EU standards and regulations.

In the case of cod fish, there are specific standards of quality based on traditional Portuguese consumption habits. As a result, Atlantic cod (*Gadus morhua*) is considered superior in flavor and texture relative to Pacific cod (*Gadus macrocephalus*). In addition to intrinsic differences in properties of these two different sub-species, Pacific cod is reported to be frequently damaged by parasites, which affect the fish both in terms of edible properties as well as in what concerns visual attractiveness and appeal of the end-product (primarily salted dry cod) at retail. The larger, thicker codfish are rated as higher-quality and receive price premiums. Pollock is viewed as a cheap, lower-quality cod substitute, primarily used for processing. Fresh silver hake imported by air from the United States is considered to be of high quality.

Consumption

Total 2002 Portuguese groundfish consumption is expected to decrease slightly due to a reduction in home consumption. This reduction is largely due to lower hake use, which is estimated to drop by about five percent due to higher prices and changing consumption habits. However, fish use for processing will offset some of this decrease. Frozen codfish use for processing into salted dry cod and other products is expected to expand by some five percent, favored by the attractive price of imported frozen cod against salted cod n.d. (See Salted Cod, n.d.), and the local industry interest in increasing fish processing profit margins. Use of other groundfish for processing is also expected to expand, encouraged by a trend toward product diversification. Pollock (to be used as cod-substitute for various processed products as well as pre-cooked meals), and haddock (to be used for mincing) are expected to be used in larger quantities by the local industry.

Local consumption trends are expected to remain largely unchanged in 2003, unless an improvement in fish prices against meat products increases the competitiveness of seafood products. Fish use at home is likely to continue to decrease, depressed by the price competitiveness and the vast range of ready-to-cook meals available. Fish use for processing is likely to continue to expand, as the local industry will continue to pursue product diversification strategies. In the case of cod, total levels of cod processing will be directly affected by the price relationship between frozen and salted, n.d. cod.

Trade

Total 2002 groundfish imports are expected to decrease relative to 2001 levels due to a reduction in total hake imports. This significant product in terms of total groundfish trade (41 percent of total Jan-June 2002 groundfish imports), is being affected by high import prices and by a slowing economy. However, an expansion in cod imports (54 pct of total Jan-June 2002 groundfish imports) will bring total groundfish imports nearly up to the previous year's level. Total groundfish imports are likely to suffer another mild reduction in 2003 under the effects of declining consumption.

Portuguese 2002 groundfish imports from the United States are expected to decrease due to a loss of competitiveness against Atlantic cod suppliers. Though a weaker USDollar against the Euro during the first part of 2002 increased U.S. price competitiveness, it also improved the competitiveness of other cod exporting origins which were also quoted in dollars. It is reported that Russian product displaced large quantities of U.S. cod during the first half of 2002. Russian cod is considered a direct U.S. competitor, as it is offered in small sizes of one kilo to one-and-a-half kilo fish. Of the total Jan-June 2002 groundfish imports of U.S. origin, 72 percent consisted of frozen cod for processing, the remaining 28 pct consisting of frozen pollock, also for processing.

Trade Matrixes for total Groundfishes during Calender Years 2000 and 2001, as well as for Jan-June 2001 and 2002 are given below.

Trade Matrix

Import Trade Matrix			
Country	Portugal		
Commodity	Groundfish, Whole/Eviscerated		
Time period	Jan-Dec	Units:	Metric Tons
Imports for:	2000		2001
U.S.	6641	U.S.	9134
Others		Others	
Spain	25669	Spain	24893
U.K.	1293	U.K.	2353
Other EU	1300	Other EU	2659
Russia	12574	Russia	22983
S. Africa	4852	S. Africa	5807
Norway	3200	Norway	2057
S.Tome&Prince	1645	New Zealand	531
Total for Others	50533		61283
Others not Listed	2171		2546
Grand Total	59345		72963

Export Trade Matrix			
Country	Portugal		
Commodity	Groundfish, Whole/Eviscerated		
Time period	Jan-Dec	Units:	Metric Tons
Exports for:	2000		2001
U.S.	11	U.S.	8
Others		Others	
Spain	4659	Spain	5275
U.K.	1604	France	623
Other EU	1106	Other EU	721
Japan	133	Switzerland	46
Canada	91	Canada	20
Switzerland	71	Venezuela	10
		S. Africa	10
Total for Others	7664		6705
Others not Listed	94		32
Grand Total	7769		6745

Import Trade Matrix			
Country	Portugal		
Commodity	Groundfish, Whole/Eviscerated		
Time period	Jan-June	Units:	Metric Tons
Imports for:	2001		2002
U.S.	6400	U.S.	2780
Others		Others	
Spain	12899	Spain	12708
U.K.	1456	U.K.	1430
Other EU	1022	Denmark	2739
Russia	9250	Other EU	872
S. Africa	3215	Russia	10526
Norway	1942	S. Africa	2584
S.Tome&Prince	428	Norway	1607
Total for Others	30212		32466
Others not Listed	1394		716
Grand Total	38006		35962

Export Trade Matrix			
Country	Portugal		
Commodity	Groundfish, Whole/Eviscerated		
Time period	Jan-June	Units:	Metric Tons
Exports for:	2001		2002
U.S.	4	U.S.	4
Others		Others	
Spain	2824	Spain	2542
France	686	France	451
Other EU	474	Other EU	514
Switzerland	33	Taiwan	142
Brazil	18	Japan	101
Canada	11	Switzerland	28
Venezuela	10		
S. Africa	10		
Total for Others	4066		3778
Others not Listed	7		42
Grand Total	4077		3824

Policy

General

Portuguese resource management in national and international waters is coordinated by the EU, which also negotiates fishing quotas ("Total Allowed Catch" levels - TACs) on Portugal's behalf. All international fishing agreements, including Portuguese bilateral accords, are negotiated by the EU. The most significant TACs concern cod and hake, the most important groundfish species for the country (see more on TACs under "Total Edible Fishery Products"). The lack of renewal of the EU-Morocco Fishing Agreement, which expired on November 30, 1999, is the most important development in recent years with serious consequences for the Portuguese high seas fleet and groundfish catch. The present EU negotiations for the Common Fisheries Policy reform, which is due to be finalized by the end of 2002, is another important challenge to the sector, as it is expected to include additional production constraints. For more on policy developments, please check the Policy section under "Total Edible Fishery Products."

Tariffs

Portuguese groundfish imports are subject to EU import tariffs. EU tariff-rate quotas (TRQs), under which certain non-EU groundfish species are allowed to come in at reduced-tariffs within certain quantitative limits, are also in effect in Portugal. A synthesis of currently effective EU import regime for cod products is given in the Policy section under "Salted Cod, n.d.." For import tariffs in effect for key groundfish products, please check the tariff table at the end of report.

Marketing

Limited fishing resources in EU waters and improved market access conditions for frozen cod (see Policy section in Salted Cod, n.d.) have generally led to favorable marketing prospects for U.S. groundfish. In addition to frozen cod, which leads the groundfish imports of U.S. origin (and ranks second in the total Jan-June 2002 product ranking of fish imports of U.S. origin), a series of other products continue to have attractive market potential. In particular, Pacific pollock and halibut will continue to have attractive market opportunities due to an expansion in HRI demand for salted dry pollock as a cheap salted dry cod-substitute for the production of minced cod-like fish products, and for the preparation of pre-cooked products. Though not imported from the United States during the first half of 2002, frozen halibut is primarily demanded for mincing. Also not imported so far in 2002, fresh silver hake continues to have a potential market, and is generally transported by air to address specific market needs during periods of shortage.

Factors negatively affecting the United States include the strength of the dollar against the Euro and high shipping costs relative to other EU and some non-EU suppliers. Alaska cod is also discriminated against by the local trade due to edible property differences relative to the preferred Atlantic cod. As a result, trade sources report that Alaska codfish must be offered at a minimum fifteen percent price difference relative to Atlantic cod in order to become an interesting option. The preferential market access of cod from Norway and Iceland under special trade arrangements negotiated under the European Economic Space is another factor which tends to negatively affect the competitiveness of all other codfish suppliers. Russia is another strong U.S. competitor for frozen cod, due to some similarities in fish size offered, but benefitting from shorter distances. Imported seafood must meet EU sanitary and labeling requirements. For more on groundfish marketing, please see under "Total edible Fishery Products."

Commodity name: Cod, Salted

Production, Supply & Distribution Table

PSD Table						
Country	Portugal					
Commodity	Cod, Salted				(MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Beginning Stocks	150	150	150	150	150	150
Total Production	38000	34000	40000	35000	0	36000
Intra-EC Imports	6300	13495	6000	16000	0	17000
Other Imports	116200	118016	114000	102000	0	100000
TOTAL Imports	122500	131511	120000	118000	0	117000
TOTAL SUPPLY	160650	165661	160150	153150	150	153150
Intra-EC Exports	4800	7824	4900	11320	0	12680
Other Exports	350	28	400	300	0	320
TOTAL Exports	5150	7852	5300	11620	0	13000
Domestic Consumption	155350	157659	154700	141380	0	140000
Other Use/Loss	0	0	0	0	0	0
TOTAL Utilization	155350	157659	154700	141380	0	140000
Ending Stocks	150	150	150	150	0	150
TOTAL DISTRIBUTION	160650	165661	160150	153150	0	153150

Production

Portuguese total 2002 salted cod, n.d. production is expected to increase relative to 2001 due to increased further processing (de-freezing, salting and drying) of imported frozen cod (see "Groundfish" section). Salted cod, n.d. production from locally harvested cod is presently "symbolic" relative to historic levels, accounting for about 50 percent of total harvested fresh cod. This forces the local cod salting industry to rely almost entirely upon the international market for sourcing its raw material. Given the present competitiveness of frozen cod as raw material for the local cod processing industry, total 2003 salted cod, n.d. production is forecasted to undergo another modest expansion.

Consumption

Portuguese total salted cod, n.d. use is expected to drop in 2002 due to a moderate reduction in total salted dry cod use due to increased cost. Another small reduction is anticipated for 2003 in association with the high prices currently commanded by cod. Once a major commercial, and staple, product, salted dry cod is now both a traditional product and a delicacy, which is used less often than in the past, displaced by inexpensive poultry meat, as well as by a vast range of new food products. The local industry also reports an increase in production of pre-wetted cod derived from

salted cod n.d., a product that addresses the easy-to-cook requirements of modern housewives. Industry sources report that pre-wetted frozen cod presently accounts for roughly thirty percent of total cod consumed at retail.

Trade

General

Total 2002 salted cod, n.d. imports are expected to decline relative to 2001, due to the competitiveness of frozen cod for processing, with Jan-Jun 2002 imports showing a drastic reduction relative to the same period in 2001. Total 2003 salted cod, n.d. imports are forecasted to decline slightly given the reported advantage of frozen cod over salted cod, n.d. processing. According to industry sources, an increase in salted cod n.d. imports would only be possible by an improved price relationship between these two cod types.

Salted cod n.d. imports from the United States suffered a major reduction during the first half of 2002 relative to the same period in 2001, due to a decline in total salted cod n.d. demand as well as the strong USDollar rate against the Euro. Trade sources report that Iceland is considered to be the most reliable cod supplier, and is also favored by special EU market-access conditions associated to the institution of the European Economic Space. Though less esteemed in product quality terms, Norway remains a strong competitor due to preferential market access conditions (see also Policy section below), as well as regular Government-sponsored advertisement campaigns.

Trade Matrixes for Calendar Years 2000 and 2001, as well as for first half 2001 and 2002 with data released from the National Statistics office (INE) are given below.

Trade Matrix

Import Trade Matrix			
Country	Portugal		
Commodity	Cod, Salted		
Time period	Jan-Dec	Units:	Metric Tons
Imports for:	2000		2001
U.S.	11099	U.S.	10413
Others		Others	
Denmark	8699	Denmark	7020
U.K.	1330	Netherlands	2750
Other EU	2530	Other EU	3726
Iceland	67568	Iceland	59193
Norway	27308	Norway	35626
Russia	14412	Russia	6254
Canada	6437	Canada	6125
Total for Others	128284		120694
Others not Listed	670		405
Grand Total	140053		131512

Export Trade Matrix			
Country	Portugal		
Commodity	Cod, Salted		
Time period	Jan-Dec	Units:	Metric Tons
Exports for:	2000		2001
U.S.	0	U.S.	0
Others		Others	
Spain	2111	Spain	5499
France	704	Greece	1281
Italy	597	Other EU	1044
Greece	528	Angola	12
Other EU	78	Switzerland	12
Angola	22		
Switzerland	10		
Total for Others	4050		7848
Others not Listed	3		4
Grand Total	4053		7852

Import Trade Matrix			
Country	Portugal		
Commodity	Cod, Salted		
Time period	Jan-June	Units:	Metric Tons
Imports for:	2000		2001
U.S.	6252	U.S.	4116
Others		Others	
Denmark	2005	Denmark	4183
Netherlands	566	Netherlands	1872
Other EU	501	Other EU	1894
Iceland	34905	Iceland	27095
Norway	23032	Norway	14590
Russia	4723	Canada	2887
Canada	2847	Russia	2392
Total for Others	68579		54913
Others not Listed	177		51
Grand Total	75008		59080

Export Trade Matrix			
Country	Portugal		
Commodity	Cod, Salted		
Time period	Jan-June	Units:	Metric Tons
Exports for:	2001		2002
U.S.	0	U.S.	0
Others		Others	
Spain	1572	Spain	2579
Greece	516	Greece	336
Other EU	280	Other EU	453
Switzerland	9	Brazil	144
		Angola	5
Total for Others	2377		3517
Others not Listed	4		7
Grand Total	2381		3524

Policy

Tariffs

Salted cod, n.d. imports are subject to the EU-set import tariff regime. Market access differentiates among origins. Of particular importance in this sector, Iceland and Norway have access to special reduced import tariffs for a series of seafood products negotiated prior to the European Economic Space (EES) negotiations, in addition to preferential trade conditions negotiated under the EES, as well as the “WTO Import Quotas”.

Special codfish access conditions are indicated below. Note that U.S. cod, consisting primarily of the *Gadus macrocephalus* sub-species, is not included in the “WTO Quotas”.

EU Cod Tariff-Suspension Regime

Tariff Code	Description	Quota Duty		Duty
		2000/01	2001/02	
0302.50.10 0302.50.90 0302.69.35 0303.60.11 0303.60.19 0303.60.90 0303.79.41	Cod and <i>Boreogadus saida</i> for processing	3 pct	3 pct	12 pct
Importation of products indicated above is without limit, but subject to EU-set reference prices (for further details, please check the harmonized import tariff schedule under www.pauta-dgaiec.min-financas.pt).				

EU Autonomous Import Quotas

Tariff Code	Description	Quota (M.T.)		Quota Duty (%)		Duty (%)
		2001	2002	2001	2002	
0305.62.00 0305.69.10	Cod and <i>Boreogadus saida</i> , salted or in brine, but not dried or smoked, for processing.	10,000	10,000	0 pct	0 pct	13 pct

Cod and *Boreogadus saida* WTO Quotas

		Quota (M.T.)	Quota Period	Quota Duty (%)	Regular Duty (%)
0305.51.10 0305.51.90 0305.62.00	<i>Gadus morhua</i> and <i>Gadus ogac.</i> species.	25,000	Jan- December	0	13
0305.59.11 0305.59.19 0305.69.10	<i>Boreogadus saida</i>				13

Note: Pacific cod is excluded from the WTO Quotas.

EU Salted Dry Cod Import Quota for Norway

Product Description	Total Quota	Import Duty (%)	Period in Effect
Salted Dry Cod	13,250 Mt	0 pct	April 1 to Dec. 31

Marketing

Salted cod, n.d. led 2002 Portuguese seafood imports by volume, tending to remain a strong U.S. export commodity. In addition to strong local demand for raw materials for the production of salted dry cod, U.S. salted cod n.d. is favored by the perception of comparatively high quality, compared to U.S. frozen cod, leading to a higher-quality end-product.

Salted cod, n.d. exports are affected by USDollar/Euro exchange rate variations, high transportation costs and the competitiveness of frozen cod processing compared against that of salted cod, n.d.. Finally, the trade regime in effect (see above) also affects market access for the United States, as there are no EU WTO import quotas for usual U.S. species, making the United States less competitive compared to EES members.

Salted cod, n.d. is imported by Portuguese cod processors. These include certain traditional fishing companies which have remained active, as well as newer companies with mixed processing/wholesaling activity. Salted dry cod is primarily purchased by wholesalers who supply the local grocers. U.S. exporters interested in finding a local importer should contact the Aveiro-based association of industrial fishers (ADAPI) for active fishers/processors, as well as the leading wholesalers association ADIPA. For more on market access, please see the Marketing section under "Total Edible Fishery Products."

Commodity Name: Total Edible Fishery Products

Production, Supply & Distribution Table

PSD Table						
Country	Portugal					
Commodity	Total Edible Fishery Products				(MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Landings/Comm'l Catch	150000	146094	140000	134000	0	130000
Fresh/Frz Production	84300	85675	78800	74000	0	70300
Canned Production	35000	30500	32500	32500	0	33000
Cured Production	700	700	700	700	0	700
Total Production	120000	116875	112000	107200	0	104000
Fresh/Frozen Imports	225000	239496	230000	245000	0	250000
Canned Imports	6300	7317	6400	9500	0	9600
Cured Imports	217000	203823	218000	175000	0	165000
TOTAL Imports	448300	450636	454400	429500	0	424600
Fresh/Frozen Exports	65000	67260	70000	89200	0	92100
Canned Exports	11200	18583	11000	19350	0	19500
Cured Exports	16000	6597	17000	7850	0	8000
TOTAL Exports	92200	92440	98000	116400	0	119600
Domestic Consumption	476100	475071	468400	420300	0	409000

Production

Due to restrictive fishing policies, as well as a reduced fleet, Portuguese total 2001 fish harvest suffered a large reduction relative to previous year's levels. The bulk of production continued to be accounted for by sardines (45 pct of total 2001 fish landings), which expanded by four percent from 2000 levels under the effects of a special fish stocks management plan. Fishing restrictions based on current Total Allowed Catch (TAC) levels for different species, and continued reduction in fleet size will tend to further depress 2003 total national fish production.

Virtually all of the local fish catch is sold fresh, with only about 30,000 mt being frozen, either aboard the vessels or on land by the local fish processing industry. Canned fish production is expected to increase moderately in 2002 due to an increase in sardine canning activity enabled by the larger sardine harvest. Another small increase is forecasted for 2003 in association with another likely expansion in sardine catch. Cured fish production - derived from Portuguese fish catch - is roughly stable, consisting of a share of the cod which is harvested in high seas, but not immediately exported. Quality of both fresh and frozen fish sold in the market is good, complying with EU health directives and regulations.

Portuguese fishing vessels totaled 10,532 in number, and 110,072 in tons in 2001, two percent below 2000 numbers and 1.5 percent below 2000 tons. Of the 2001 total, vessels under five tons accounted for 84 percent of total numbers, and 10 percent of total tonnage.

Consumption

Total Portuguese total seafood product consumption is expected to decrease significantly during 2002 due to higher retail prices. (Fishery product prices rose by 7.3 percent during 2001, against a 4.3 percent CPI, and again by 3.2 percent during the first quarter of 2002, against a 3.3 percent CPI). Another reduction is anticipated for 2003 given the current tendency for high fish prices (even if somewhat moderated as reported by the trade), with fish use tending to be displaced by a vast range of meat products led by inexpensive poultry.

Total frozen cod for processing will tend to expand in 2002 and in 2003 as pointed out in "Groundfish" above, at the expense of other cod products. Minced fish use will also tend to expand, used for processing, or directly by the expanding HRI business. At the consumer level, total cod consumption is expected to decrease due to changing consumer habits. Particularly affected by high prices, squid/loligo, upper-scale salmon and monkfish will tend to remain depressed in 2002 due to the high prices commanded during the first half of the year.

Trade

Total 2002 Edible Fishery Products imports by volume are forecasted to decrease due to a reduction in cured cod imports. Imports of most other fish types will tend to decrease as well, in association with the high prices commanded by seafood during the first half of the year. Salted dry cod (14 percent of total imports in raw value basis) declined by five percent in volume, salted cod n.d. (27 percent of the total) decreased by 21 percent, and squid/loligo (five percent of total seafood imports) decreased by 22 percent during the first half of 2002 compared to the same period in 2001. The reduction affected most species formerly in expansion, including salmon and monkfish. Frozen cod for processing was the seafood product with the largest growth, encouraged by the expansion in cod processing for salted dry cod production (see also Groundfish section). Total 2002 seafood imports from the United States will also tend to decline due to competition from Russian cod, Spanish squid fished off the Falkland Islands and frozen Chilean salmon among others. Seafood imports from the United States remain very concentrated, with 76 percent of total Jan-June 2002 imports accounted for by salted cod n.d., frozen cod and frozen Alaska pollock. According to INE data, salted cod, n.d. suffered a 34 percent decline relative to the first half of 2001, frozen cod a decline of 55 percent, and frozen Alaska pollock a decline of 61 percent. Most significant seafood products on the rise included minced cod and pollock imported under HTSCNs 0304.90.35, 0304.20.85 and 0304.90.61.

Due to current consumption trends, total edible fishery product imports are forecasted to suffer another moderate reduction in 2003. Cod in its different forms will continue to lead the national seafood product trade, though with a moderately decreasing share due to changing consumption habits. Squid, salmon and monkfish are likely to recover in light of recently reported declining price trends. Frozen minced fish product imports are expected to continue to increase in association with increased demand from the HRI sector. Total 2003 seafood trade with the United States will depend the USDollar/Euro exchange rate and the price relationship of imported seafood against key direct competitors, most significantly Russia for frozen cod, EES-member countries (see Policy) for salted cod, n.d., and Spain for squid/loligo.

Trade Matrix

Import Trade Matrix			
Country	Portugal		
Commodity	Total Edible Fishery Products		
Time period	Jan-Dec	Units:	Metric Tons
Imports for:	2000		2001
U.S.	20096	U.S.	23285
Others		Others	
Spain	147705	Spain	149472
Denmark	16583	Denmark	24537
Other EU	26456	Netherlands	12006
Norway	77192	Other EU	26852
Iceland	69028	Norway	71254
Russia	27377	Iceland	60326
S. Africa	7240	Russia	30009
Canada	6818	S. Africa	8348
India	5561	Canada	6865
S.Tome&Prince	4317	India	5495
Total for Others	388277		395164
Others not Listed	33843		32188
Grand Total	442216		450637

Export Trade Matrix			
Country	Portugal		
Commodity	Total Edible Fishery Products		
Time period	Jan-Dec	Units:	Metric Tons
Exports for:	2000		2001
U.S.	1850	U.S.	1658
Others		Others	
Spain	50412	Spain	61192
France	9511	France	9105
U.K.	4898	Italy	4546
Italy	3695	U.K.	3034
Other EU	4284	Other EU	5240
Brazil	3483	Brazil	5748
Angola	2222	Angola	2159
Canada	1776	Canada	1581
Switzerland	806	Switzerland	717
Total for Others	81087		93322
Others not Listed	5076		3957

Grand Total	88013		98937
Import Trade Matrix			
Country	Portugal		
Commodity	Total Edible Fishery Products		
Time period	Jan-June	Units:	Metric Tons
Imports for:	2001		2002
U.S.	14410	U.S.	9074
Others		Others	
Spain	72120	Spain	70982
Denmark	9187	Denmark	15837
Netherlands	5614	Netherlands	7567
Other EU	11999	Other EU	14429
Norway	41999	Norway	32431
Iceland	35597	Iceland	27462
Russia	14447	Russia	14078
S. Africa	4668	S. Africa	3600
Canada	3312	Canada	3107
India	2964	India	3036
Total for Others	201907		192529
Others not Listed	15345		16591
Grand Total	231662		218194

Export Trade Matrix			
Country	Portugal		
Commodity	Total Edible Fishery Products		
Time period	Jan-June	Units:	Metric Tons
Exports for:	2001		2002
U.S.	756	U.S.	868
Others		Others	
Spain	26914	Spain	37935
France	4123	France	4089
Italy	1770	Italy	1840
U.k.	1186	U.K.	1824
Other EU	2578	Other EU	2468
Brazil	3196	Brazil	2905
Canada	849	Canada	742
Angola	485	Switzerland	383
Switzerland	365	Angola	340
Total for Others	41466		52526
Others not Listed	1607		1978

Grand Total	43829		55372
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Policy

General

Portuguese fisheries policies are determined by the EU Common Fisheries Policy which is currently under review. Portugal is one of the countries opposed to the Reform proposed by the EU Commission, along with Spain, France, Greece, Italy and Ireland. Portugal is opposed to the elimination of structural financial supports for fishing vessels, and to the subjection of fishing to individual Fishing Plans for each Total Allowed Catch (TAC).

TACs in national and EU waters are set by the EU, which also negotiates bilateral agreements with third countries on Portugal's behalf, and negotiates TACs with international fishing organizations on behalf of EU Members. For TACs in effect in Portugal during 2002, see EU Council Regulation 2555/2001, dated December 18, 2001 (published in the Official Journal L-347), and its EU Council modification Regulation presently awaiting publication. On fishing catch policies, Portugal is against the institution of specific Fishing Plans as proposed by the EU Commission, which it finds only justifiable when fish stocks have dropped beneath certain critical thresholds. Instead, the GOP wants the catch of different fish species to be subject to the TAC regime, with multi-year set TACs instead of annual ones, in order to give Portuguese fishermen a stable framework. Portugal is also very committed to the EU international fishing agreements policy. An important segment of the Portuguese fleet already fish in third country waters under EU fishing protocols, which constitutes an important option in strategic terms for the sector.

The restructuring of the national fleet is supported under the multi-year, structural support Operational Fisheries Plan (POP-4), in effect through 2006. With some 40 percent of the fishing fleet more than 25 years old, the Portuguese authorities believe that the virtual elimination of structuring supports by the beginning of 2003 as proposed by the EU Commission, with transfer of remaining POP-4 funds to ship abatement a threat to the survival of the remaining fleet. The Portuguese fishing fleet underwent a 40 percent reduction in numbers over the past ten years, which was accompanied by a 50 percent reduction in catch. Reporting high numbers of vessel abatements since 2000, which reach the POP-4 full 6-year target, the GOP decided to suspend payment of additional ship abatements under POP-4 in July 2002, at the same time as a series of measures were passed to accelerate structural investment till the end of 2002. Out of the 52 vessels that were fishing in Moroccan waters during the 1997/99 period, fourteen have been removed from the fleet by way of EU subsidies or shipwrecked. All others have been either integrated in the swordfish fleet operating in the Mediterranean sea, or exported to third countries where they formed joint ventures or fished under a fishing agreement with the EU. Special measures to address the national fleet which was fishing in Morocco till the end of the EU-Morocco agreement in December 1999 are contemplated in EU Regulation 2792/99 and EU Regulation 2561/2001, which extends structuring measures and institutes specific social-economic supports. These measures are considered fundamental for certain small fishing communities.

Marketing

Declining national and EU fish harvesting levels will tend to open additional trade opportunities to third-country suppliers, including the United States. Given the local demand patterns for seafood products, trade opportunities will tend to consist of different product categories of codfish, but primarily salted cod, n.d. and frozen cod for processing. Demand for pollock will also tend to be strong, as pollock is locally utilized as a cheap cod-substitute. Pollock is favored by the expansion of HRI channels, used to prepare pre-cooked meals.

A number of fish species have favorable opportunities, profiting from stable-to-growing market niches. These include salmon, squid/loligo, frozen monkfish, fresh silver hake, fresh crawfish, live lobster, minced frozen Alaska pollock, frozen minced monkfish and frozen crab.

Market development can be pursued through usual marketing activities, including participation in key seafood shows in Europe - namely the Seafood Shows in Vigo, Spain, and in Brussels, Belgium; trade missions and mailings to leading local seafood importers. The vast majority of local seafood importers are federated under the fisheries importers association ACOP (Telf.: 351-217 974 096; Fax: 351-217 951 695). For cod importers, the industries fisheries association ADAPI (Telf.: 351-213 015 020; Fax: 351-213 019 438) and the food distributors association ADIPA (Telf.: 351-213 211 360; Fax: 351-213 211 368) also include the most significant codfish processors among their members. Leading salted dry cod importers are federated under ADIPA and under the super-markets association APED (Telf.: 351-217 510 920; Fax: 351-217 571 952; E-Mail: <http://www.aped.org>).

FISHERY PRODUCTS STRATEGIC INDICATOR TABLE

U.S. Competitive Position	Measurement	Previous Year Situation	Current Year Situation	Next Year Expectations	5 Year Projections/ Expectations
U.S. Access Relative to Rest of World- Non-Tariff Measures (NTM)	Worse, equal, or better (choose one)	worse	worse	worse	worse
U.S. Access Relative to Rest of World - Tariffs	Higher, equal, or lower (choose one)	lower	lower	lower	lower
Presence of Marketing Programs (domestic and 3rd country) versus U.S. programs	More aggressive, about the same, or less aggressive (select one)	More aggressive	More aggressive	More aggressive	More aggressive
U.S. Prices Relative to Domestic and 3rd Country Prices	Higher, equal, or lower (choose one)	Higher	Higher	Higher	Higher
U.S. Market Share (3 Year. Average)	Percent	5.2	4.2	5.0	5.0

FISHERY PRODUCTS STRATEGIC INDICATOR TABLE

Market Attractiveness	Measurement	Previous Year Situation	Current Year Situation	Next Year Expectations	5 Year Projections/ Expectations
Per Capita Consumption of All Fishery Products	Kg per person	47.5	42.0	40.9	40.0
Per Capita Consumption of animal proteins (excluding fishery products)	Kg per person	62.4	62.5	62.6	62.7
Percent of population with refrigerators	Percent	96.1	96.2	96.3	96.5
Percent of fishery product sales at supermarkets	Percent	44	43	42	40
Percent of total food sales at supermarkets	Percent	50	50	50	50
Percent of animal protein sales at supermarkets (excluding fishery products)	Percent	22	20	18	15
Percent of fishery sales at HRI establishments	Percent	10	10.5	11	12
Percent of fishery sales at open markets	Percent	4	4.5	5	6

Tariff Table

Portuguese seafood imports are subject to the EU import tariff schedule.

PORTUGAL: Import Tariff Table

HTSCN	Product Description	Tariff in effect (%)
0303.60.90	Frozen cod of the <i>Gadus morhua</i> species	12
0305.62.00	Salted Cod, n.d.	13
0303.79.81	Frozen monkfish	15
0307.49.38	Loligo	6
0303.79.55.30	Frozen Alaska Pollock	15
0303.11.00	Frozen Pacific Salmon	2
0306.22.10	Live Lobster	8
0306.21.00	Fresh/Live Crawfish	12.5
0304.90.35	Minced cod of the <i>Gadus macrocephalus</i> sp.	7.5
0303.41.11	Processing Tuna Fish	0
0307.49.33	Frozen loligo (<i>loligo vulgaris</i>)	6
0304.90.61	Processing Alaska Salmon	7.5

Note: For full tariff listing and notes, please check the Harmonized Tariff Schedule under www.pauta-dgaiec.min-financas.pt